

Hillsdale Board of Public Utilities  
Regular Meeting

June 13, 2017

The regular Hillsdale Board of Public Utilities meeting was called to order at the BPU Offices, 45 Monroe Street, Hillsdale, Michigan at 7:00 p.m. by Mr. Barry Hill, President to the Board.

Board Members Present: Mr. Bob Batt, Vice-President  
Mr. Chris Sumnar  
Mr. Eric Hoffman  
Ms. Lois Howard

Board Members Absent: Mr. Barry Hill, President

Others present: Mike Barber, Director; Chris McArthur, Assistant Director; Stephen M. French, Secretary to the Board; Scott Sessions, Mayor; Bill Briggs, Water Distribution Superintendent/WWTP Supervisor; Chad Culbert, Electric Distribution Superintendent; Don Reid, Hillsdale Daily News; David Mackie, City Manager; Bonnie Tew, Finance Director; and, Brian Camiller, Plante Moran.

**MINUTES**

Ms. Howard, supported by Mr. Sumnar, moved to approve the May 9, 2017 regular meeting minutes as submitted.

Roll call:	Mr. Batt	Aye
	Ms. Howard	Aye
	Mr. Sumnar	Aye

Motion passed 3-0.

\*Mr. Hoffman arrived at 7:04 p.m.

**BILLS PAYABLE**

Moved by Ms. Howard, supported by Mr. Sumnar to approve the above May bills in the amount of \$333,093.98.

Roll call:	Mr. Batt	Aye
	Mr. Hoffman	Aye
	Ms. Howard	Aye
	Mr. Sumnar	Aye

Motion passed 4-0.

Vice President Batt welcomed Mr. Hoffman to the BPU Board.

Moved by Mr. Sumnar, supported by Ms. Howard, to approve the April MSCPA bill usage in the amount of \$699,239.43.

Roll call:	Mr. Batt	Aye
	Mr. Hoffman	Aye
	Ms. Howard	Aye
	Mr. Sumnar	Aye

Motion passed 4-0.

**APRIL FINANCIAL REPORT**

Finance Director Tew noted the monthly financial report was included in the meeting packet. Ms. Tew stated the numbers were still being reconciled and recommended the board not formally approve the report until final review had been completed by the auditors.

**DIRECTOR'S REPORT**

1. Director Barber reported the utility had received two awards in recent weeks. The first was the utility's "Reliable Public Power Provider" and the second was a "Safety Award of Excellence" from the American Public Power Association (APPA). Mr. Barber announced the utility had no lost-time workplace accidents during the previous year.
2. Director Barber stated the conversion to the BS&A Software package would be completed and fully operational on June 19, 2017.
3. Director Barber reported the outage procedures had been updated following the wastewater incident on Sunday, May 21, 2017. Mr. Barber reported the new procedures included requirements for the on-call supervisor to be immediately called, required the operator to remain at the treatment facility. Mr. Barber stated the new generators for the wastewater facility would be operational in September 2017.
4. Director Barber stated the funding of the digester clean-out at the wastewater facility would be incorporated into the SRF loan project costs.

**ITEMS**

**1. Water and Wastewater Revised Utility Rate Model**

Mr. Brian Camiller from Plante Moran presented the revised utility rate model that recommended rate amendments to the water and wastewater departments based on audited financial statements, the current BPU budget, various historical documents about the costs associated with each department, future debt service, and future capital needs of the utility. Mr. Camiller also explained the proposed changes to the Readiness to Serve (RTS), which was recommended to be increased to water customers and reduced to wastewater customers.

Mr. Hoffman questioned if the BPU rates were competitive with other municipally owned utilities in the area. Mr. Camiller stated the capital improvement costs of the BPU, as well as the utility demand, made the BPU unique to other entities and difficult to provide accurate comparisons.

Mr. Sumnar, seconded by Ms. Howard, moved to recommend approval of the Water and Wastewater Revised Utility Rate Model to the Hillsdale City Council.

Roll call:	Mr. Batt	Aye
	Mr. Hoffman	Aye
	Ms. Howard	Aye
	Mr. Sumnar	Aye

Motion passed 4-0.

**2. 2016 Energy Optimization Report**

BPU Director Barber presented the Energy Optimization Report, which had been drafted by Efficiency United. Mr. Barber stated the BPU was proud to announce the utility had met its savings goals through the program required by the State of Michigan.

Mr. Sumnar, seconded by Ms. Howard, moved to accept and place on file, the 2016 Energy Optimization Report.

Roll call:	Mr. Batt	Aye
	Mr. Hoffman	Aye
	Ms. Howard	Aye
	Mr. Sumnar	Aye

Motion passed 4-0.

**3. Phase Three of the Generation Project**

Director Barber stated the final phase of the three-year project would be to replace the on-board computer systems with updated Program Logic Controllers and continue final repairs to Generators #5 and #6. Mr. Barber stated the capital project had been included in the FY2018 budget at a level of \$385,000.00.

Mr. Sumnar, seconded by Mr. Hoffman, moved to recommend Phase Three of the Generation Project at a level of \$385,000.00.

Roll call:	Mr. Batt	Aye
	Mr. Hoffman	Aye
	Ms. Howard	Aye
	Mr. Sumnar	Aye

Motion passed 4-0.

**4. Repurchase of Electric Substation from MSCPA**

Director Barber reported that in 1979, each of the Michigan South Central Power Authority’s (MSCPA) members entered into separate Substation Agreements with the Agency whereby certain substation assets were acquired by the Agency for the benefit of each respective member. Mr. Barber stated that in Section 11 of these agreements, provisions were made providing each member the option to repurchase the assets for \$100 once the debts related to these assets had been retired.

Director Barber stated that following the retirement of the Litchfield Endicott Generating Station, with a reduce asset base for the Agency, it had become more cost effective for each member to add these facilities to their own asset lists, and to insure as each member deemed appropriate.

Ms. Howard, seconded by Mr. Sumnar, moved to approve the repurchase of the Electric Substation from MSCPA at a cost of \$100.00.

Roll call:	Mr. Batt	Aye
	Mr. Hoffman	Aye
	Ms. Howard	Aye
	Mr. Sumnar	Aye

Motion passed 4-0.

**5. Update to Rules and Regulations: Deposit Structure Change**

Director Barber reported the update to the security deposit that had been approved by the BPU Board at the May 2017 meeting required the board to adopt a resolution outlining the changes to the policy. Director Barber reported the draft resolution mirrored the changes endorsed by the BPU Board at the previous meeting.

Ms. Howard, seconded by Mr. Sumnar, moved to adopt Resolution 205: “Resolution to Amend the BPU Customer Service, Electric, Water and Sewer Departments Rules and Regulations and Thereby Require a Customer Service Security Deposit in Certain Situations.”

Roll call:	Mr. Batt	Aye
	Mr. Hoffman	Aye
	Ms. Howard	Aye
	Mr. Sumnar	Aye

Motion passed 4-0.

**6. Review of Electric and Wastewater Emergency Procedures**

Director Barber briefly reviewed the updates to the emergency procedures that had been noted earlier in the meeting. Responding to a question from Mr. Hoffman, Mr. Barber stated the new generators would not require the utility to change any emergency procedures once the units were operational.

**7. Changes to the MERS Retirement System**

City Manager Mackie stated the proposed changes would affect non-union BPU and city employees hired on, or after, July 1, 2017. City Manager Mackie stated the recommendation would switch new employees from a defined benefit system to a defined contribution and would limit the city’s unfunded pension liabilities. City Manager Mackie stated the new plan would require the employees to contribute 5% of their total pay, while the city would contribute 7%. City Manager Mackie stated the proposed changes would be presented to the union employees during the next contract negotiation period.

Mr. Sumnar, seconded by Mr. Hoffman, moved to recommendation adoption of the proposed changes to the MERS retirement system as outlined by City Manager Mackie.

Roll call:	Mr. Batt	Aye
	Mr. Hoffman	Aye
	Ms. Howard	Aye
	Mr. Sumnar	Aye

Motion passed 4-0.

**DEPARTMENT PROJECT PROGRESS REPORTS**

Mr. MacArthur reported the test runs of the generators had been completed with the cooling systems operational. Mr. MacArthur noted there were no issues found during the test runs.

Mr. Briggs provided an update on the wastewater improvement project and noted the bottoms of the tanks were being poured. Mr. Briggs stated tests were being conducted on the digesters and that staff expected the cleanout of the units to take up to eight days for completion. Mr. Briggs also reported the storage barn construction had begun and the overall project was on-schedule to be completed in April 2018.

Mr. Culbert discussed the extremely high bids that had been received for the high-rise electrical project. Mr. Culbert discussed the importance of the project and the necessity for the improvements. Mr. Culbert also stated approximately one-third of the poles had been replaced in regards to the transmission upgrade project.

Mr. Batt noted an Electric Committee meeting may be necessary to discuss funding the high-rise electrical upgrades discussed by Mr. Culbert. Director Barber indicated, however, any delay of the project would not affect the reliability of the system.

**BOARD MEMBER ROUNDTABLE**

Mr. Sumnar welcomed Mr. Hoffman to the BPU Board.

Ms. Howard commended BPU staff for receiving additional rewards for reliability and safety.

**PUBLIC COMMENT**

City Manager Mackie reviewed the city's application for an Infrastructure Capacity Enhancement (ICE) Grant for the Garden-Vine-Mead-Rippon Streets Project. City Manager Mackie stated the local share of the \$2.0 million grant would be \$280,000-\$300,000.

**ADJOURNMENT**

Moved by Mr. Sumnar, supported by Ms. Howard to adjourn meeting. By a roll call the motion passed unanimously.

The meeting was adjourned at 8:03 p.m.



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Stephen M. French, MMC  
Secretary to the Board

**MINUTES APPROVED: July 11, 2017**